X-Sender: pwturtle@mail.well.com
Mime-Version: 1.0
Date: Thu, 25 Sep 1997 16:59:56 -0700
To: alexg@well.com
From: pwturtle@well.com (Peter Warshall)
Subject: draft mander letter

Dear Jerry:

Enclosed is a summary of what happened to the $276,000 that we had at the beginning of 1997. There were no spectacular surprises. The funds were depleted because of the following items which were either not fully known or understood when we met with you and Peter in the fall of 1996.

Past debt payments: There were loans and debts which totalled $40,500 which is about the cost to print and distribute an issue.

Delays in staffing: The budget did not include "start-up" expenses. It took us three months to find a publisher, art director, art assistant, office manager et al. that would work for the salaries we could offer. We also required some time to set templates for a newer design (still in process). This three-month delay included purchasing computer equipment as the two-year hiatus had made much of what we had obsolete. We estimate that these delays may have cost us up to $60,000 in equipment and operating expenses.

Delays in printing: We hired a new printer and glitches were costly both in time and money. The three-week delay and extra cost of, at least, $5,000 plus the UPS strike hurt us more than accounting indicates.

Fund-raising: We knew by June 1997 that we would require extra cash flow to get through the first three issues. Ty Cashman memoed the Board about an $85,000 shortfall. David Katz, the Board President, recommended hiring BeeLine to acquire these funds. Unfortunately, no funds resulted.

Revenues: Although we earned about $60,000 in revenues from gifts, grants, renewals, new subscriptions and miscellaneous, the delay in reaching our readers and newsstands has hurt cashflow. We anticipate that between Oct. 15 and November 15 we will receive more than $30,000.

We totally regret that we did not keep you better informed about our difficulties starting up. You know well that most magazines cannot even begin on such slim cashflow accounts, and we regret any false expectations that came from the fall 1996 meeting. We hope that our start-up difficulties are over and our explanation will not keep the Foundation from considering further support.

We have included the finished mock-up of the "Religions and Environment" issue to assure you that we have worked hard to met our mutual goals, and to further demonstrate how Whole Earth and the Foundation are moving in similar directions. After our start-up pains and mistakes, we feel much more confident about expressing our ideals and practices in ways that no other magazine accomplishes. We have had great praise from readers and participants like Charlenes Spretnak, Gary Snyder, Stephanie Mills, Michael Lerner and others.

Thanks for sticking with us during these muddled times.

Peter Warshall	Alex Gault	David Katz
Editor	Publisher	President, Point Foundation

PS: We are looking for the R. Crumb drawings this week.

PPS: The Advisory Board is coming together quickly with no refusals so far. Peter has an updated outline of the Finances and Monetary Policy issus, if you would like to see it.

Preliminary Understanding of the Fate of Donations and Gifts to Whole Earth

(Bigger ticket items only. Do not expect these rough costs to add up exactly.):

We had $276,000 in January/February 1997:

$150,000 from Doug and Peter.
$126,000 from readers.

We spent the following:

TOTAL DEBT PAYMENTS: $40,500
Endswell loan: $22,500
Printer debt: $10,000
Ruth Kissane debt: $8,000

EQUIPMENT PURCHASES AND MISCELLANEOUS START-UP PURCHASES/SERVICES (one-time expenses): $5,000

FUND RAISING EXPENSES to BeeLine and David K, and $3,500 to Ty and Miyume for Chile trip: $14,000

FIRST ISSUE PRINTING AND DISTRIBUTION (printer, mailing, address services and circulation. Includes some addition for address corrections and updating.): $45,000

ART DESIGN START-UP COST (one time expense to Visual Strategies): $3,500

FIRST ISSUE EDITORIAL & ART PAYMENTS: $5,000

MONTHLY OPERATING COSTS (salaries, rents, utilities, taxes, etc.) FOR START-UP, FIRST & SECOND ISSUE:
Jan, Feb and March (start-up) averaged $20,000 per month
March thru September: $29,000 per month after March.
Total to September: $234,000

SPENT: $347,000
OTHER REVENUE; $60,000
TOTAL SPENT FROM JANUARY: $287,000 as of Ocotber 1

NOTES

(1) The $40,500 debt was clearly explained to fundors. This would have been adequate to print and distribute second issue.

(2) Staff was not in place until ther end of March 1997 when publisher, art director, office manager and others began to work. It took about three

months time for Whole Earth to find and hire staff for production and relocate into Falkirk. The three month start-up was not included in cost estimate. During this time operating and moving costs were approximately $60,000.

(3) The delay in start-up set back time of incoming revenue. The June publication actually appeared in August. The three-week delay was with the new printer and unanticipated needs for corrections and reformatting. This delay probably cost us close to $5 to 10,000, though details are not yet available.

CONCLUSIONS

Whole Earth operating expenses stayed within budget. The revenue base was depleted becuase; (1) the full cost of $40,500 debt had not been included; (2) the time to assemble staff had not been included leading to unplanned operating costs; (3) the fund raising line item did not produce any signficant funds; (4) the issue was delayed because staff took longer to hire, and there were major glitches with the new printer; (4) delays postponed the inflow of new revenues which will appear in October, not July.

There was no "surprise" costs. In June, 1997, the Board held a meeting in which the publisher stated that Whole Earth would need $85,000 to meet costs until January 1998. The Board simply did not raise that amount as of October 1997.

1408 Mission Avenue
San Rafael, California
94901

Whole Earth
MAGAZINE

To: Peter
520.624.5406

Whole Earth resumed operations in January 1997. The business began with $126,000 in donations from readers and friends. The Foundation for Deep Ecology and the Center for Ecoliteracy each pledged $75,000 (grants received, respectively, in February and March).

Whole Earth thus began the year with $276,000 in gifts and donations.
The costs associated with the Fall issue have all been realized, with the exception of the printing and shipping costs (approximately $45,000).

Breakdown of expenditures:

Average monthly operating expenses:	(26,500)
	238,500 (9 months)
Printing and mailing (Summer issue):	45,000
Debt servicing:	40,500
Total:	324,000
Revenues (January 97 to October 97):	60,000

TEL: 415 256 2800
FAX: 415 256 2808
e-mail: wer@well.com

Whole Earth — P&L Budget YE 1997

10/9/97

	January	February	March	April	May	June	July	August	September	TOTAL
REVENUE										
Circulation	2,424	910	3,284	2,148	1,518	2,014	2,841	2,050	5,000	22,189
Advertising	0	0	0	0	0	0	0	1,080	4,250	5,330
Development	5,940	75,710	255	72,730	150	5,020	0	0	0	161,105
Ancillary	1,589	933	3,300	2,672	1,739	2,135	1,322	1,422	3,000	18,541
TOTAL INCOME	**9,953**	**77,553**	**6,839**	**77,550**	**3,407**	**9,169**	**4,163**	**4,552**	**12,250**	**207,165**
EXPENSES										
Editorial	8,021	8,328	8,292	8,292	8,292	13,912	8,958	9,448	8,958	82,500
Production	0	0	2,657	4,350	1,167	623	5,952	3,951	0	18,700
Manufacturing	0	239	0	0	25,655	0	0	8,500	0	60,194
Circulation	789	909	1,064	2,202	4,676	5,582	4,156	15,400	6,069	40,847
Subscription Development	96	0	0	0	0	0	0	0	3,000	3,096
Advertising	0	0	0	0	0	0	30	4,370	0	4,400
Development	511	0	867	5,405	2,513	0	4,987	0	826	15,109
Administrative	9,420	7,055	9,441	17,076	12,080	13,186	12,068	10,753	11,603	102,682
Debt Service	18,000	0	0	0	22,500	0	0	0	0	40,500
TOTAL EXPENSES	**36,837**	**16,531**	**22,321**	**37,325**	**76,883**	**33,303**	**36,151**	**52,422**	**30,456**	**368,029**
OPERATING INCOME	(26,884)	61,022	(15,482)	40,225	(73,476)	(24,134)	(31,989)	(47,871)	(18,206)	(160,863)
CUMULATIVE INCOME	125,000	98,116	159,138	143,656	183,882	110,406	86,272	54,284	6,413	(11,793)
CASH BALANCE	98,116	159,138	143,656	183,882	110,406	86,272	54,284	6,413	(11,793)	

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
REVENUE													
Circulation													
Subscriptions	35	403	1,147	1,539	0	1,250	0	1,500	0	0	0	0	5,874
Renewals	0	0	0	0	540	0	1,267	0	9,000	37,000	42,000	36,000	154,000
New	0	0	0	0	577	0	818	0	1,000	1,900	22,000	1,600	27,895
Newsstand	0	0	0	0	0	0		0	0	0	8,000	0	8,000
List Rental	1,733	335	2,037	582	331	714	706	500	500	600	600	600	9,238
Back Issues	656	172	100	27	70	50	50	50	100	100	100	100	1,575
Subtotal	2,424	910	3,284	2,148	1,518	2,014	2,841	2,050	10,600	39,600	72,700	38,300	178,389
Advertising													
Space Advertising	0	0	0	0	0	0	0	640	4,000	1,000	5,000	11,000	21,640
Classified	0	0	0	0	0	0	0	440	250	250	250	250	1,440
Subtotal	0	0	0	0	0	0	0	1,080	4,250	1,250	5,250	11,250	23,080
Development													
Donations	1,940	375	255	135	150	20	0	1,300	0	0	0	0	4,175
Grants	0	75,335	0	72,595	0	0	0	0	0	15,000	25,000	30,000	217,930
Editorial Fund	4,000	0	0	0	0	5,000	0	0	0	0	0	0	9,000
Subtotal	5,940	75,710	255	72,730	150	5,020	0	0	0	15,000	25,000	30,000	231,105
Ancillary													
MWEC Sales	1,005	665	968	470	630	1,200	850	950	1,200	1,200	1,200	1,200	11,538
Postage	65	95	210	35	0	0	100	100	100	100	100	100	1,005
Miscellaneous & Refunds	259	163	(96)	0	386	386	30	30	30	30	30	30	1,278
Royalties	0	0	2,095	682	0	0	0	0	1,900	0	0	0	4,677
Interest & Dividends	260	10	123	1,485	723	549	342	342	200	204	200	83	4,521
Subtotal	1,589	933	3,300	2,672	1,739	2,135	1,322	1,422	3,430	1,534	1,530	1,413	23,019
TOTAL INCOME	**9,953**	**77,553**	**6,839**	**77,550**	**3,407**	**9,169**	**4,163**	**4,552**	**18,280**	**57,384**	**104,480**	**80,963**	**455,593**
EXPENSES													
Editorial													
Salary - Editor	3,250	3,000	3,000	3,000	3,000	3,000	3,333	3,333	3,333	3,333	3,333	3,333	38,250
Salary - Managing Editor	3,000	3,000	3,000	3,000	3,000	3,000	3,333	3,333	3,333	3,333	3,333	3,333	38,000
Salary - Assistant Editor	833	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	19,167
Salary - Assistant Editor	938	625	625	625	625	625	625	625	625	625	625	625	7,813
Travel & Entertainment	0	0	0	0	0	0	0	0	0	0	200	200	400
Manuscript Fees	0	0	0	0	0	4,870	0	250	0	3,500	3,500	0	12,120
Art & Photo fees	0	0	0	0	0	750	0	240	0	0	500	0	1,490
Dues & Subscriptions	0	36	0	0	0	0	0	0	0	0	100	100	236
Subtotal	8,021	8,328	8,292	8,292	8,292	13,912	8,958	9,448	8,958	12,458	13,258	9,258	117,475

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Production													
Salary - Designer	0	0	1,917	2,866	0	0	2,150	2,150	0	0	2,866	1,433	13,382
Production Assistant	0	0	0	1,333	667	0	334	1,666	0	0	1,333	666	5,999
Magazine design	0	0	0	0	0	0	3,200	0	0	0	0	0	3,200
Production Services	0	0	740	151	500	623	268	135	0	400	600	500	3,917
Cover	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	2,657	4,350	1,167	623	5,952	3,951	0	400	4,799	2,599	26,498
Manufacturing													
Printing	0	239	0	0	25,655	0	0	7,000	26,000	0	0	0	58,894
Mail Services	0	0	0	0	0	0	0	0	800	0	0	800	1,600
Packing	0	0	0	0	0	0	0	0	500	0	0	500	1,000
Subtotal	0	239	0	0	25,655	0	0	7,000	27,300	0	0	1,300	61,494
Circulation													
Salary	500	500	750	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	15,250
Subscription postage	0	200	75	200	3,046	1,800	300	13,000	500	500	500	500	20,621
Subscription freight	0	0	0	0	0	0	0	500	0	500	500	500	2,000
Handling Charges	0	0	0	0	0	0	251	0	251	0	0	251	753
Fulfillment	75	0	0	200	0	1,670	1,700	1,700	2,500	2,500	2,500	2,500	15,345
Newsstand freight	0	0	0	0	0	0	0	200	200	200	200	4,000	4,800
Newsstand promotions	0	0	0	0	0	200	0	0	700	0	0	700	1,600
List Rental Expenses	0	0	0	70	0	247	45	138	138	138	138	138	1,052
Refunds	0	32	61	91	0	30	30	30	30	30	30	30	394
Back Issue Costs	214	178	178	141	130	135	330	150	250	250	250	250	2,456
Subtotal	789	909	1,064	2,202	4,676	5,582	4,156	17,218	6,069	5,618	5,618	10,369	64,270
Subscription Development	96	0	0	0	0	0	0	0	3,000	10,000	15,000	0	28,096
Advertising													
Expenses/staffing	0	0	0	0	0	0	30	2,370	0	500	500	1,000	4,400
Commissions	0	0	0	0	0	0	0	2,000	0	0		0	2,000
Subtotal	0	0	0	0	0	0	30	4,370	0	500	500	1,000	6,400
Development													
Fundraising Expenses	203	0	0	0	0	0	0	0	0	0			203
Fundraising Staff Support	0	0	800	5,365	2,453	0	4,952	0	826	1,000	1,000	1,000	17,396
Travel & Entertainment	308	0	67	40	60	0	35	0	0	0	0	0	510
Subtotal	511	0	867	5,405	2,513	0	4,987	0	826	1,000	1,000	1,000	18,109
Administrative													
Salary - Publisher	0	1,500	3,000	3,000	3,000	3,000	3,333	3,333	3,333	3,333	3,333	3,333	33,498
Salary - Office Manager	740	0	833	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	16,576
Bookkeeping	255	250	0	285	217	250	250	250	250	250	250	250	2,757
Accounting & Legal	556	90	655	530	0	120	0	0	200	0	0	200	2,351

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Consulting	0	0	0	0	0	0	0	0	0	0	0	0	0
Travel & Entertainment	0	0	0	0	0	200	200	200	300	200	300	200	1,600
Bank & credit card fees	53	89	83	239	0	100	100	100	150	150	200	200	1,464
Sales Tax	189	0	0	0	0	0	0	0	0	0	0	0	189
Dues & Fees	(96)	50	50	50	172	18	18	18	18	18	18	18	352
Container Rental	900	0	0	600	0	0	600	0	0	600	0	0	2,700
Rent	758	1,225	1,430	1,430	1,430	1,430	1,430	1,430	1,430	1,430	1,430	1,430	16,283
Telephone	2,300	78	800	190	85	193	150	150	150	150	150	150	4,546
Long Distance	214	0	260	993	922	517	740	900	900	900	900	900	8,146
Internet Installation & Fees	25	25	25	25	300	110	110	110	110	110	150	150	1,250
Postage/Shipping	332	68	99	319	331	451	300	300	350	350	350	350	3,600
MWEC Shipping & Purchase	209	755	262	359	0	218	200	200	100	100	100	100	2,603
Supplies	138	29	413	807	889	556	250	250	250	250	250	250	4,332
Equipment Purchase	229	117	0	3,514	935	2,023	1,000	125	125	125	125	125	8,443
Equipment Rental	151	75	75	215	50	50	50	50	50	50	50	50	916
Repair/Maintenance	7	50	50	500	900	50	50	50	50	50	50	50	1,857
Miscellaneous	41	150	50	50	50	50	50	50	50	50	50	50	691
Health Ins.	357	357	357	357	357	800	800	800	800	800	800	800	7,385
Payroll Taxes & Fees	1,987	1,147	999	1,659	775	770	770	770	770	770	770	770	11,957
State Comp Insurance	0	0	0	287	0	613	0	0	550	0	0	550	2,000
Staff Moving Expenses	0	1,000	0	0	0	0	0	0	0	0	0	0	1,000
Advertising/Job Searches	75	0	0	0	0	0	0	0	0	0	0	0	75
Subtotal	9,420	7,055	9,441	17,076	12,080	13,186	12,068	10,753	11,603	11,353	10,943	11,593	136,571
Debt Service	18,000	0	0	0	22,500	0	0	0	0	0	3,750	4,500	48,750
TOTAL EXPENSES	**36,837**	**16,531**	**22,321**	**37,325**	**76,883**	**33,303**	**36,151**	**52,740**	**57,756**	**41,329**	**54,868**	**41,619**	**507,664**
OPERATING INCOME	**(26,884)**	**61,022**	**(15,482)**	**40,225**	**(73,476)**	**(24,134)**	**(31,989)**	**(48,189)**	**(39,476)**	**16,055**	**49,612**	**39,344**	**(52,071)**
CUMULATIVE INCOME	138,468	111,584	172,606	157,124	197,350	123,874	99,740	67,752	19,563	(19,913)	(3,859)	45,753	85,097
CASH BALANCE	111,584	172,606	157,124	197,350	123,874	99,740	67,752	19,563	(19,913)	(3,859)	45,753	85,097	
ASSUMPTIONS													
Advertising income/page	1,200												
Income/new sub	20												
Income/renewal	22												